

## **INTRODUCTION AND SCOPE**

The Office of the County Auditor has performed a review of the grant funds administered by the Police Department. The purpose of this review was to determine what internal controls, operational policies, and procedures are in place for this area. We reviewed selected grants in fiscal years 2003 and 2004.

## **BACKGROUND**

The Police Department is under the County Executive and is mainly funded by General Fund tax revenues. Grants are received from various sources and accounted for in the Grant Fund. The total Police Department budget for FY 2005 was \$60.5 million of which \$3.4 million was budgeted for grants. In FY 2004 the grant budget was \$3.1 million of a \$55 million budget, and in FY 2003, \$3.3 million in grants were included in a \$50.3 million budget.

Administration of the grants is under the Administrative Command section within the Police Department. A Fiscal Specialist provides overall fiscal accountability and maintains the administration requirements of the grant, while the different operational organizations and activities within the grant fund provide for the performance of the grant criteria. Additionally, the Office of the Chief has two employees who perform research and apply for possible grants. This area also manages two of the Police grants. We found that there were 15 grants funded in FY 2004 and in FY 2003 (Attachment 1). Overall, we found the fiscal accountability sound and performed by capable personnel.

We noted that in one grant a required County Match was not transferred to the Grants fund. Also, several grant agreements needed additional authorization to be in compliance with the code and several had matching requirements that were not clearly defined as to in-kind or dollar participation from the County. We will address these and other findings in the following paragraphs.

## **FINDINGS & RECOMMENDATIONS**

The Police Department receives grants from the Federal Government, State Government, private local agencies and through other County Departments. Individuals in the responsible divisions within the Police Department act as administrators of these grants. A Fiscal Specialist in the Police Department manages the required reporting and accounting. The County's Office of Budget, the Department of Finance

and the Office of Purchasing participate in their respective roles during budget preparation, the recording of grant activity, and in the procurement of goods and services. A listing of all these grants is presented in Attachment 1.

#### **Hot Spots (Long Reach CSAFE) 051-006-2004**

The CSAFE grant funding supports concentrated law enforcement and crime prevention activities within the Village of Long Reach in Columbia. This State Program was formally known as Hot Spots and is now known as Collaborative Supervision and Focused Enforcement (CSAFE). The grant program involves multiple public and private organizations addressing quality of life and crime issues within the community. The program focuses on criminal law enforcement, prevention of crime, intervention, and public education and rehabilitation. The grant for FY 2003 had a county match requirement of \$79,470, which was transferred properly. Revenues and expenditures were equal for each fiscal year reviewed, therefore no surplus or deficit exists.

#### **Investigations with Federal Agencies 051-006-2005**

This grant provides for the purchase of items in the support of law enforcement operations. This grant follows the rules and guidelines of the U.S. Department of Justice. Funding is through forfeitures received as a result of joint investigations conducted by the Howard County Police with various federal agencies. No County match is required. The revenues exceeded expenditures for FY 2003 and FY 2004 by \$224,898. This balance carries forward for use in the next fiscal year.

#### **Victims Assistance Program 051-006-2007**

This grant provides for services to victims of crime, particularly the elderly and victims of violent crime. The U.S. Department of Justice provides funding. The Office of Transitional Services, a part of the Maryland Department of Human Resources, administers the program. A County match of \$15,750 and \$16,060 was transferred to satisfy the grant agreement in FY 2003 and FY 2004 respectively. Expenses were equal to revenues in each fiscal year.

#### **Federal Task Force 051-006-2012**

This grant is for investigations that are conducted with federal enforcement agencies such as the FBI or DEA. Expenses reimbursed by these agencies for salaries and other operating costs are included in this budget. No match is required and expenses were equal to revenues in each fiscal year.

#### **Vehicle Theft Reduction Act 051-006-2014**

This grant funding is from the Maryland Department of Public Safety and Correctional Services. The program focuses on reducing the number of motor vehicle thefts with an emphasis on increasing apprehension, prosecution, and convictions of those thefts. An in-kind match is required that provides salaries and fringe benefits beyond the grant funding and administrative overhead. Various departmental accounts are used for this in-kind match. Expenses were equal to revenues in each fiscal year.

### **School Resource Officer 051-006-2021**

This grant received revenues from FY 2002 that were posted in FY 2003. The grant was not awarded in FY 2003 or FY 2004, and the balance in this account was \$0 at the close of FY 2003.

### **Special Police Overtime 051-006-2022**

Various agencies provide funding as overtime services are required. Staffing is by off-duty police personnel under the direction of the Police Department for private security efforts. No match is required. Event permits schedule one-time events. Expenditures were equal to revenues in both fiscal years.

### **Hot Spots II (Harpers Choice CSAFE) 051-006-2023**

The CSAFE grant funding supports concentrated law enforcement and crime prevention activities within the village of Harper's Choice in Columbia. This State Program was formally known as Hot Spots and is now known as Collaborative Supervision and Focus Enforcement (CSAFE). The grant program involves multiple public and private organizations addressing quality of life and crime issues within the community. The program focuses on criminal law enforcement, prevention of crime, intervention, and public education and rehabilitation. Revenues and expenditures were equal for each fiscal year reviewed, therefore no surplus or deficit exists.

### **Police Corp 051-006-2024**

Grant was budgeted, but not awarded in FY 2003 or FY 2004.

### **N. Laurel Community Grant 051-006-2025**

The Horizon Foundation provided this grant for the North Laurel Community. It concentrates law enforcement and crime prevention activities within that community. The grant provides a community Policing Liaison and pays the operating expenses of the community office. The full-time police officer assigned to the project is funded by the department. No match is required. The grant ended in FY 2003 and revenues and expenses were equal.

### **Community Traffic Safety Program 051-006-2026**

This grant funding is through the Maryland Highway Administration to implement a comprehensive traffic safety program to reduce traffic safety problems. This goal is primarily accomplished by providing education for the public on the dangers of driving while intoxicated or under the influence of alcohol or narcotics. A County match is required of 40% and it was neither budgeted nor transferred in either FY 2003 or FY 2004. We addressed this in the body of the report. The net effect for FY 2003 and FY 2004 is that revenues exceeded expenditures by \$20,025.

### **Cedar Lane After School Program 051-006-2028**

This grant was not awarded in FY 2003 or FY 2004. However, \$1,700 in revenues from FY 2002 activities were received and posted in FY 2003. This balance remains in the grant.

### **School Bus Safety 051-006-2029**

This grant is from the Maryland State Police with no match required. The purpose of the grant is to address problems associated with drivers who illegally pass school buses. Revenues and expenditures were equal in both years we reviewed.

### **Camp Bear Trax 051-006-2030**

This grant is awarded by the Local Children's Board with funding from the Maryland Department of Human Resources (DHR). No match is required. The funding provides for both a one week day camp and a one week overnight camp for 35-50 Howard County 5<sup>th</sup> graders. Activities include substance abuse prevention related activities, and also activities that foster cooperation and team building as end products. Revenues exceeded expenses by \$3,115 and that balance remains with the program as it moves forward.

### **Cease Fire Initiative Program 051-006-2031**

Funding is provided by the Maryland State Police for this FY 2003 and FY 2004 grant. The program seeks to reduce illegal firearm possessions via a hot line and a \$250 reward for information that results in a recovery of an illegal gun. The hope is that reducing weapons will reduce gun related accidents and violence. Revenues were equal to expenses in both fiscal years.

### **Auto Thief Unit 051-006-2032**

The Maryland Anti-Car Theft Committee funds this grant. This service provides detectives with access to phone and two-way talk service while they are in the field conducting investigations. Net expenditures plus encumbrances equaled revenues for FY 2003 and FY 2004.

### **Cops in School 051-006-2033**

This grant was started in FY 2003. It is a three-year grant to fund a resource officer for Reservoir High School. The grant is awarded by the U.S. Department of Justice and required a match of \$32,983, which was transferred in total in June 2003. Revenues were equal to expenses in both fiscal years.

### **Hispanic Initiative 051-006-2034**

The grantor is the Horizon Foundation with no required match from the County. The purpose of this grant is to provide the necessary support, information and assistance to the Hispanic community, primarily through Spanish speaking officers. It began in FY 2004 and revenues equaled expenses.

## **CSAFE Oakland Mills 051-006-2035**

The Governor's Office of Crime Control and Prevention provides funding for this grant. It began in FY 2004. The CSAFE grant funding supports concentrated law enforcement and crime prevention activities within the Village of Oakland Mills in Columbia. This State Program was formally known as Hot Spots and is now known as Collaborative Supervision and Focused Enforcement (CSAFE). The grant program involves multiple public and private agencies addressing quality of life and crime issues within the community. The program focuses on criminal law enforcement, prevention of crime, intervention, and public education and rehabilitation. Revenues and expenditures were equal for FY 2004.

## **Local Law Enforcement Block Grant I, II, III (051-002-0310, 320, 330)**

While these grants are budgeted under the County Administration, they are administered through the Police Department. This is a federal grant funded by the Department of Justice. The I, II and III correspond to the organization code 0310, 0320 and 0330 respectively. Since this grant lasts two years on a federal fiscal year basis, some overlapping occurs. During our audit of the County's fiscal years 2003 and 2004, each of the above organizations had activity. The seven purpose areas of the grant are: support law enforcement; enhance security measures; establish or support drug courts; enhance the adjudication of cases involving violent offenders; establish community crime prevention programs to control, detect, or investigate or to prosecute criminals; and defray the cost of indemnification insurance for law enforcement. A 10% county match to the 90% DOJ funding is required. Sub-grantees within the County use the required accounting codes when obtaining funds, as the award is upfront. Outside County agencies ask for funds via a letter and receive a check if approved.

A Memorandum of Understanding (MOU) or a formal contract between the Howard County Police Department and the Grantor presents the requirements of a grant including description, performance period, award amount, accounting requirements of funds, etc. We found that several grants did not have the County Executive's signature on the agreement. The Executive's signature is required by the Howard County Code (Title 6, subtitle 2, Section 6.200, f.). This formality allows the County to be aware of and authorize all grant revenue and expenditures pertinent to the County at the highest level. In addition, not following this policy could cause a grant to be left out of the annual Single Audit of Federal Funds or questioned for lack of authorization. We therefore recommend that:

1. **Signature approval for all grant Memorandums of Understanding and Contracts and their renewal be authorized by the County Executive to meet the guidelines required by the County Code, and to provide information to the Grant Administrator to facilitate the Single Audit.**

**Administration's Response:**

The Administration concurs with this recommendation. All grants are now submitted for the County Executive's signature prior to submission of the grant. All award acceptances and Memorandums of Understanding will also be signed by the County Executive regardless of the grantor (Federal, State, or other).

In addition, County contributions of cash or in-kind matching were required in several of the Police Grants. We noted that in the Community Traffic Safety Program grant a required County match of 40% was not applied in both FY 2003 and FY 2004 (\$53,040 and \$57,040 respectively), and we were told that personnel wages could have provided this match, however, conclusive documentation was not available to substantiate that expense. Also, clarity as to whether a cash match or an in-kind match could be substituted by the agreement was absent in several other grants as well. We therefore recommend that:

2. ***In the Community Safety Traffic Program grant, the 40% match be documented in the grant records and reconciled with expenses.***

**Administration's Response:**

The Administration concurs with this recommendation. This error has been corrected through a journal voucher (JV) entry. Requirements as stated in the new Grants Management Policy, #100.10 and the automated financial tracking system (FTS) should prevent omissions such as this on future grants.

3. ***Adequate documentation be included in the Grant contracts to indicate whether the grant funding match requirement is in-kind, cash or both, and related documentation about how the grant requirement was met should be retained in the grant records.***

**Administration's Response:**

The Police Department has no control over the grantor's "contract" wording however, the new Grants Management Policy, #100.10 requires that cash or in-kind matches are identified on the new Pre-proposal Review Form, the Sign Off Form for Grant Applications and the Budget Office Form.

**Auditor's Comment:**

We agree that the new Grants Management Policy should clearly document the makeup of

County matching funds between cash or in-kind. We continue to recommend that the grantee clearly identify in their documentation how and when that match was met.

In recent reviews of other County agencies receiving grants, several general recommendations were made that will benefit this agency as well. These recommendations were accepted and will be implemented in FY 2005. Two of these recommendations require the County to use a standardized software program and create a position that will oversee grants under the Department of Finance. This grants administrator will be a focal point for the individuals at each agency to work with and get the needed assistance to insure compliance and accuracy in some of the following areas:

- ?? **Tracking of all Revenues and Expenditures by Grant**
- ?? **Tracking Grants approved and awarded outside the County's Fiscal Year**
- ?? **Accurate budgeting and transferring of matching funds**
- ?? **Proper standardized accounting and document retention**
- ?? **Maximizing the grant application process for available funding**
- ?? **Coordinate with various agencies to standardize processes and reporting**

We look forward to implementation of these procedures County wide. We also recommend that:

4. **The Police Department grant administrators work closely with the County's new Grant Administrator to insure compliance with all new County policies and procedures as they are implemented.**

**Administration's Response:**

The Administration concurs with this recommendation. Personnel that works with grants from the Police Department attending training on the new Financial Tracking System on May 4, 2005. Their feedback reflected that this new software will be very helpful in tracking the department's grants and ensuring fiscal integrity. They look forward to working closely with the County's new Grants Oversight Manager to ensure compliance with all of the County's new policies and procedures as they continue to be implemented.

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